The President's Daily Brief

28 February 1973

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THE PRESIDENT'S DAILY BRIEF

28 February 1973

PRINCIPAL DEVELOPMENTS

The North Vietnamese apparently fear they will lose their leverage once they return all US POWs. *(Page 1)*

The Soviets appear to be pressing both the West Germans and the Czechoslovaks to restore relations. *(Page 2)*

The Western oil consortium and Iran have reached a new agreement. *(Page 3)*

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NORTH VIETNAM

Hanoi's announcement that no US prisoners will be released until certain "serious problems" in the implementation of the Vietnam agreement are taken care of appears to reflect North Vietnamese fears that return of all the prisoners will cost them their leverage. The Communists have not been specific about the nature of the "serious problems" but the treatment of their delegations in South Vietnam is a prime issue. Another is Saigon's handling of the Communist prisoners it holds. A third could be the pace of US minesweeping operations in North Vietnamese waters.

The Vietnamese Communists clearly see the emotionally charged return of prisoners to the US as an exploitable issue, and we believe they will try to use it to get the US to influence the South Vietnamese to implement the accords in a manner that is more to their liking.

WEST GERMANY - CZECHOSLOVAKIA

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For their part, the Czechs moved toward accommodating Bonn last week during Soviet party chief Brezhnev's visit to Prague. The communiqué issued at the end of the visit avoided mention of Prague's long-standing demand that the Munich Agreement of 1938 be declared invalid "ab initio"--something Bonn has steadfastly refused to do. The Czechs apparently now will be satisfied with a statement that simply declares the agreement to be "invalid."

This formulation undercuts the go-slow arguments of legal experts in the West German Foreign Office, and we believe that talks are likely to resume soon.

IRAN

The Shah and representatives of the Western oil consortium have reached a new agreement in principle. Although final details have yet to be worked out, the settlement will in large part meet the Shah's demand for greater control over the operations of the companies. As a result, the government will conclude a five-year management contract and a 20-year sales contract enabling the companies to continue to produce and market most of Iran's oil. Negotiations of details could take until 15 April.

The consortium had reached a tentative agreement with Iran last spring, but the Shah reopened negotiations in December because he felt that the same companies had in the meantime given several Arab Persian Gulf oil states a better deal. In a tough speech last month, the Shah gave the consortium a choice: either renegotiate the agreement immediately or break off the relationship in 1979 when the present contract expires.

The new agreement will help the Shah fulfill his desire to assert his leadership role in the Persian Gulf. Its terms are financially about the same as those negotiated by other governments of the gulf. Therefore, it should not cause the others to seek renegotiation of their agreements.

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